



**CITY OF HAYWARD**  
**AGENDA REPORT**

AGENDA DATE 06/01/99  
AGENDA ITEM 7  
WORK SESSION ITEM           

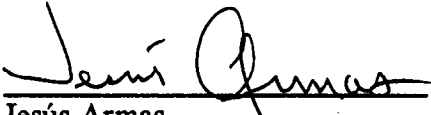
**TO:** Mayor and City Council  
**FROM:** City Manager  
**SUBJECT:** Restoration of Local Revenue

During the early part of this decade, in the midst of the recession that ravaged California, the State Legislature and Governor approved legislation to shift local property tax dollars from local governments to Sacramento. The State relied on these revenues to meet its own obligations, particularly in the area of education.

As the Council is aware, the impact of this action has been significant to the City. Indeed, on an annual basis, Hayward has seen over \$3.5 million diverted from local needs to those identified by a distant government in Sacramento. Because this represented a permanent shift in local dollars, on a cumulative basis, better than \$15 million have been unavailable to address the many needs of this community. One can only imagine the many additional positive programs, services or projects the City Council could have considered funding if only these dollars had remained in Hayward.

Although the recession is history and the state is now experiencing economic boom along with a phenomenal growth in revenue, there continues to be opposition in Sacramento to returning property dollars to local governments. Fortunately, an increasing number of legislators have begun to voice the opinion that the shift must be reversed and local governments should begin to realize a return of local dollars.

If these dollars are to be returned, it will be accomplished in the form of specific legislation or through the budget process currently underway in Sacramento. Although legislation has been introduced, it will undoubtedly undergo many changes before it is considered in final form. The same is true, of course, with respect to the state budget. Due to the pace at which revisions will be considered, there may not be ample time to obtain the Council's concurrence relative to stating a City position. It is therefore recommended that the Council authorize staff to work with the Mayor to prepare and transmit appropriate letters to our representatives and the Governor strongly urging the restoration of local revenues.

  
Jesús Armas